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ANNUAL REPORT

OF

THE NASH MOTORS COMPANY

(MARYLAND CORPORATION)

FISCAL YEAR ENDED NOVEMBER 30, 1926

TO THE STOCKHOLDERS:

The fiscal year of your Company closed on November 30th, 1926, and the figures compiled disclose the fact that it was the most successful year in the history of your Company. Throughout the entire year the demand for cars of our manufacture exceeded our ability to supply, although the plants were all run to their capacity, and in many instances a great deal of overtime work was performed. It was naturally very gratifying to have such a splendid business, but beyond this, it was highly pleasing indeed to be able to furnish steady employment to such a large working force throughout the year. We believe that the organization has performed in a very efficient manner in the operation of our affairs, and on account of the steady work brought greater prosperity and contentment to our loyal workers.

Your subsidiary company, the Ajax Motors Company, within the period has had its name changed to The Nash Motors Company, Racine Division, and the car is no longer known as the "Ajax" but as the "Nash Light Six." It may not be amiss to point out that the operations of this Division, during the past year, were very successful, and that they contributed no small amount to the earnings of your Company.

The number of cars and trucks produced and sold for the year was 137,376.

During the year the Company has maintained its policy of building into its product more engineering and mechanical refinements in order at all times to keep pace with and, if possible, to be in advance of others in the industry.

Our dealer organization throughout the United States has been increased considerably during the past year. We believe that our dealers have conducted their operations on a more profitable basis during the past year than any time before, and now are in position to do a larger volume of business than in the past.

There has been remarkable development in our foreign business, and the growth for the year indicates an increase of 53%. Our product occupies a position of high standing in all foreign countries.

On account of the large increase in the volume of business done during the year, it has been necessary to carry an inventory somewhat larger than in previous years.

During the past year there has been added to real estate, buildings, machinery and equipment $1,922,553.55.

The net profits for the year, after deducting all expenses, reserves, depreciation, state and Federal taxes, were $23,346,306.07 as compared with $16,256,216.02 for 1925.

The balance sheet shows Accounts Payable of $2,512,514.76, which represents current bills of The Nash Motors Company, after eliminating intercompany accounts. This item constitutes the only indebtedness of the Company, except reserve for taxes.

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During the year 1926 the Company readjusted its capitalization by redeeming its outstanding preferred stock, involving a cash outlay of $8,580,992.00. It also increased its authorized common stock to 2,730,000 shares and issued 2,457,000 shares as a stock dividend on the outstanding 273,000 shares of common stock, or at the rate of 9 shares of new common stock to each share of old common stock. The new common stock was of no par value and of the same class as the old common and was capitalized at $12,285,000.00 or a nominal value of $5.00 per share. In addition to the stock dividend, the Company paid out in cash dividends to its stockholders $11,060,908.25, and closes the year with a cash balance of $36,692,847.86 in cash on hand, in banks and in government securities and short time loans. It will thus be seen that the company is in its usual strong position to meet future requirements of the business whatever they may be.

Herewith are presented to you the consolidated balance sheet and profit and loss statement of your Company at the close of the fiscal year November 30th, 1926.

By Order of the Board of Directors,

CHARLES W. NASH,
President.

January 10, 1927.

OFFICERS

CHARLES W. NASH
President

WALTER H. ALFORD
Vice-President and Comptroller

MILTON H. PETTIT
Vice-President and Assistant General Manager

ROBERT F. HERRICK JAMES T. WILSON
Vice-Presidents

GEORGE H. EDDY
Treasurer

HORACE J. MELLUM
Secretary

DIRECTORS

CHARLES W. NASH, Chairman

WALTER H. ALFORD
ROBERT F. HERRICK
EARL H. MCCARTY
FREDERIC W. ALLEN
THOMAS M. KEARNEY
MILTON H. PETTIT
JAMES T. WILSON
EMORY W. CLARK
GEORGE C. LEE
SAMUEL F. PRYOR

CONSOLIDATED BALANCE SHEET AS OF NOVEMBER 30, 1926

(THE NASH MOTORS COMPANY AND AJAX MOTORS COMPANY)

ASSETS

Fixed:		
Real Estate, Plant and Equipment	$14,910,365.92	
Less: Reserve for Depreciation	6,285,727.76	$8,624,638.16
Investments:—Miscellaneous*		954,961.66
Current:		
Material and Supplies (cost or market value, whichever is lower)	$ 6,708,383.18	
Notes Receivable	40,416.67	
Accounts Receivable	3,305,402.01	
Cash in Bank and on Hand	20,246,895.61	
U. S. Liberty Loan Bonds	3,215,952.25	
U. S. Certificates	12,230,000.00	
Short Time Loans	1,000,000.00	46,747,049.72
Deferred:		
Prepaid Expenses		82,332.38
TOTAL		$56,408,981.92

LIABILITIES

Capital Stock:		
Common—Without Par Value		
Authorized and Outstanding 2,730,000 Shares		$13,887,000.00
Current:		
Accounts Payable		2,512,514.76
Reserves:		
For Federal Income Taxes	$5,816,184.52	
For Other Taxes	4,668,550.18	
For Possible losses in Accounts Receivable	128,211.21	
For Contingencies	4,275,613.51	
For Miscellaneous	444,557.73	15,333,117.15
Surplus:		24,676,350.01
TOTAL		$56,408,981.92

*NOTE:—Miscellaneous Investments comprise:

The Nash Motors Company—Common Stock	$ 54,914.77
Kenosha Homes Company	40,000.00
Nash Cincinnati Motors Company—Cincinnati, Ohio	18,555.87
Stock in Seaman Body Corporation	255,031.44
Nash Vriesema Auto Company—Omaha, Neb.	10,000.00
Southwest Nash Motors Company—Oklahoma City, Okla.	18,066.67
Northwest Nash Company—Minneapolis, Minn.	45,500.00
Real Estate Bonds	75,000.00
Kansas City Property	68,128.08
Kenosha Property	88,577.08
Real Estate and Mortgage Loans	281,186.75
Miscellaneous	1.00
TOTAL	$954,961.66

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COMBINED PROFIT AND LOSS ACCOUNT

Surplus: November 30, 1925		$25,077,872.19	
Less: Premium Paid on Preferred Stock Retired . .		401,920.00	$24,675,952.19
Net Income for year ending November 30, 1926, after deducting expenses of manufacturing (including depreciation) selling, administrative, local taxes and $3,674,217.77 for Federal Income Tax			23,346,306.07
			$48,022,258.26
Less:			
Stock Dividend—Common Stock			
Paid in Common Stock (2,457,000 shares no par value)		$12,285,000.00	
Cash Dividends:			
Paid on Preferred Stock . . .	$ 140,908.25		
Paid on Common Stock . . .	10,920,000.00	11,060,908.25	23,345,908.25
Surplus: November 30, 1926			$24,676,350.01